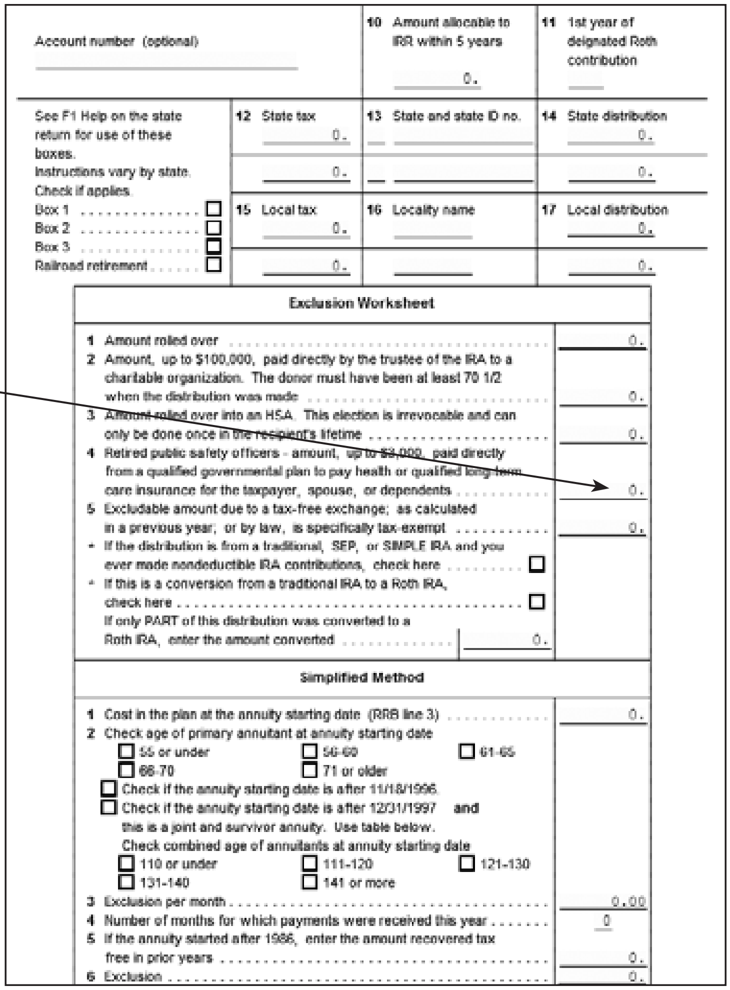
1099-R Exclusion Worksheet (lower section of 1099-R screen)

Taxpayer should have documentation of the amount that should have been recovered in previous years even if it was not claimed or you can calculate it from the annuity start date.

Enter the amount paid for qualified insurance premiums paid by a retired public safety officer. If more than $3,000, enter the excess on Sch A detail as a medical deduction.



Rollovers

- A taxpayer should not receive a 1099-R for a trustee-to-trustee transfer from one IRA to another, but should receive a 1099-R for a trustee-to-trustee direct rollover from an employer qualified plan to an IRA with code G. TaxWise® correctly treats the whole amount as not taxable.
- A rollover that involves a distribution of funds to the participant is not taxable if the funds are deposited into an IRA (or the same IRA) or an employer plan within 60 days. Form 1099-R will have either a code 1 or code 7. The amount properly rolled should be entered on Line 1 of the Exclusion Worksheet.
- When there is a rollover from an IRA, the counselor should complete the TaxWise® Rollover Explanation Form linked from line 15 on Form 1040.
- As of January 1, 2015 only one rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs owned, is permitted. There is no limit on the number of other types of rollovers or trustee-to-trustee transfers between IRAs.
- Sometimes a distribution includes both a regular distribution (generally taxable) and a rollover (generally non-taxable). The exclusion worksheet is used to input the amount that will not be taxed.

Note: The above applies to pre-tax accounts (e.g. traditional IRAs) and to post-tax accounts (e.g. Roth IRAs) within each group. If rolling or converting from pre-tax to post-tax, the amount will generally be taxable.

Exclusion Worksheet

Line 1-Enter the full amount of the rollover (not distribution or ROTH conversion)

- This checks the "Check if rollover" box on 1040 line 15b
- Click in the red box on 1040 line 15b and press F9 to link to the "New form 1040 IRA Rollover Explanation worksheet and explain the rollover (e.g. Taxpayer rolled their IRA distribution of $xxxx dated mm-dd-yyyy from Bank A to a new IRA at Bank B on mm-dd-yyyy in the amount of $xxxx. Taxpayer did not make any other rollovers during any 12- month period that includes this rollover.)

Line 2-Enter any amounts that are paid directly to a charity if the person was 70-1/2 when donation was made. This makes the distribution non-taxable. The TP does not get a charitable deduction.

Line 3-Amount rolled over to an HSA is **out of scope.**

Line 4-Enter qualified amount (up to $3000) for health and/or LTC insurance paid from the retirement plan. Amount may be in Box 5 of the 1099-R or in a letter from the plan. Enter the remainder of the insurance premium directly to Sch A Detail.

Asterisked lines are all out of scope.